

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Appl. No.: 09/662,398 Confirmation No.: 1311
Applicant(s): William F. Harris
Filed: September 14, 2000
Art Unit: 3625
Examiner: Ameer A. Shah
Title: SYSTEM AND METHOD FOR PROCESSING A PRODUCT PRICE
OR QUOTATION REQUEST AND PLACING A PRODUCT ORDER
VIA A COMMUNICATIONS PROGRAM

Docket No.: 047802/263904
Customer No.: 00826

Filed Electronically
Mail Stop Appeal Brief-Patents
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

May 18, 2006

APPEAL BRIEF UNDER 37 CFR § 41.37

This Appeal Brief is filed pursuant to the "Notice of Appeal to the Board of Patent Appeals and Interferences" filed November 14, 2005 and the "Notice of Panel Decision from Pre-Appeal Brief Review" mailed January 10, 2006.

1. ***Real Party in Interest.***

The real party in interest in this appeal is William F. Harris, the inventor of the above-referenced patent application.

2. ***Related Appeals and Interferences.***

There are no related appeals and/or interferences involving this application or its subject matter.

3. ***Status of Claims.***

The present appeal involves Claims 58-76, which are presently under a final rejection as set forth by the Official Action mailed May 12, 2005. A pre-appeal request was submitted on November 14, 2005, but the decision of the panel of Examiners found that Claims 58-76 stand

rejected because one or more issues are ripe for appeal. The claims at issue are set forth in the attached Claims Appendix.

4. ***Status of Amendments.***

No amendments have been filed subsequent to the final Official Action of May 12, 2005.

5. ***Summary of Claimed Subject Matter.***

The server system of one advantageous embodiment of the claimed invention permits customers to submit orders for a product over a public access network, such as the Internet, directly to a manufacturer, while processing and accounting for the orders in such a manner as to permit the established distributor(s) and/or manufacturer representative(s) of the manufacturer who are not otherwise involved in the generation of the customer's order to profit from the transaction, generally in much the same manner as if the distributor had generated the order. See page 7, line 7 –page 8, line 7 of the present application. As such, the server system of the present invention provides another marketing and sales channel for a manufacturer, while maintaining the goodwill and cooperation of established distributors and manufacturer representatives who work with the manufacturer in the more traditional marketing and sales channels. *Id.*

As recited by the claimed invention, the server system and, in particular, a receiver component receives requests to order a product that include a product code identifying the product and a customer identification identifying the customer. See page 6, lines 1-6 and Figure 2, block 100 of the present application. As set forth by independent Claims 58 and 70, the receiver component receives the requests (that are submitted by a customer) on behalf of the manufacturer. The server system also includes a data storage medium for storing information regarding the products that are for sale, including the price associated with each of the products. See page 8, line 18 – page 9, line 5; Figure 1, database server 42 and figure 2, block 102 of the present application. Typically, this pricing information is provided, in total or in part, by the respective distributors such that the price for the same item may vary from distributor to distributor.

Although the order was placed with the manufacturer in a manner that was independent of the typical distribution chain, the server system notifies one of the established distributors for

the manufacturer, such as the distributor who likely would have received the order if the order had been placed through conventional channels, and requests that the distributor provide financial authorization for the sale of the product to the customer. See page 12, line 24 – page 13, line 3; page 20, lines 15-20; Figure 2, block 108 and Figure 6, blocks 180 and 186 of the present application. In this regard, many customers have customer accounts with one or more distributors which are relied upon by the server system of this embodiment to finance the purchase of a product by the customer. See page 13, lines 3-5 of the present application. As such, the server system and, in particular, the receiver component not only receives requests from a customer to order a product, but also financial authorization from a distributor that verifies the customer's account. As recited by independent Claim 58, even though the distributor was not involved in the generation of the order of the product as in conventional sales activities, the server system of the claimed invention still looks to the distributor to provide financial authorization for the transaction, such as by providing the manufacturer with a purchase order number. See page 13, lines 6-8; page 20, line 26 – page 21, line 3 and page 21, lines 7-11 of the present application. In return, the distributor will profit from the sale of the product to the customer as described below. *Id.*

Once authorized, the server system and, in particular, an order placement component places an order with the manufacturer for the product identified by the request. The server system also includes an order fulfillment component that completes the purchase of the product. As recited by independent Claim 58, the order fulfillment component makes arrangement for shipping by the manufacturer and billing of the distributor. See page 22, lines 3-4 and Figure 6, block 198 of the present application. Thus, although the manufacturer ships the product, the distributor is billed for the product. As described by the present application and following the model of conventional sales activities, the customer or an outside payment source, such as Visa, pays the distributor such that the distributor makes a profit, as opposed to a commission, on the sale of the product based upon the difference between the payment to the distributor by the customer and the payment submitted to the distributor by the manufacturer. See page 23, lines 5-7 and Figure 6, block 202 of the present application. Thus, the server system of the claimed invention operates with the customer remaining a customer of the distributor, even though the

request is received on behalf of the manufacturer and even though the product is thereafter shipped by the manufacturer.

In one advantageous embodiment set forth by independent Claim 70, the server system also compensates an agent, such as a manufacturer representative, for the sale of the product to the customer, even though the agent was not involved in the generation of the order. See page 6, lines 20-26; page 21, line 12 – page 22, line 9; Figure 2, block 110 and Figure 6, block 190 of the present application. In this regard, the data storage medium of independent Claim 70 also includes agent information having at least one predetermined variable associated with each of the agents. See page 9, lines 6-15 and page 21, lines 14-20 of the present application. In addition, the server system of Claim 70 includes a commission component that determines a commission and assigns the commission to one of the agents based on one of the predetermined variables. See page 21, line 2 – page 22, line 2 and page 22, lines 5-8 of the present application. For example, the variables may relate to the territory covered by the respective agents such that the commission component assigns a commission to the agent who covers the territory that includes the location of the customer. See page 6, lines 23 -26 of the present application. As recited by independent Claim 70, the commission component compensates the agent, even though that agent was not involved in the generation of the order and even though the request was fulfilled in a manner independent of the agent. See page 7, line 25 – page 8, line 3 of the present application. Thus, the server system does not disenfranchise the agents, such as manufacturer representatives, such that the agents will remain loyal to the manufacturer during more conventional sales activities.

6. ***Grounds of Rejection to be Reviewed on Appeal.***

Claims 58-76 stand rejected under 35 U.S.C. § 102(e), as being anticipated by U.S. Published Application No. 2002/0072984 to Glenn Rothman, et al. (hereinafter “the Rothman ‘984 publication”).

7. ***Argument.***

In rejecting Claims 58-76 as being anticipated by the Rothman '984 publication, the Official Action gave many functional recitations little patentable weight. As described below, Applicant submits that the functional recitations should be considered for purposes of patentability and, once the functional recitations are accorded their proper weight for purposes of patentability, Applicant submits that Claims 58-76 are not anticipated by the Rothman '984 published application.

In fashioning the rejection under 35 U.S.C. § 102(e) and in responding to Applicant's prior argument regarding the due consideration to be given to the functional recitations set forth by the claims, the final Official Action notes that "a recitation of the intended use of the claimed invention must result in a structural difference between the claimed invention and the prior art in order to patentably distinguish the claimed invention from the prior art. If the prior art structure is capable of performing the intended use, then it meets the claim." The Official Action cites *In re Casey*, 370 F.2d 576 (CCPA 1967) and *In re Otto*, 312 F.2d 937, 939 (CCPA 1963) in support of this proposition. With this as background, the Official Action then gave little patentable weight to the majority, if not all, of the functional recitations of the claimed invention.

As described below, however, Applicant submits that the functional recitations should be given patentable weight in the context of determining the patentability of the claimed invention. As a general proposition, the MPEP provides a section, § 2173.05(g), specifically directed to functional limitations which states:

"A functional limitation is an attempt to define something by what it does, rather than by what it is (e.g., as evidenced by its specific structure or specific ingredient). There is nothing inherently wrong about defining some part of an invention in functional terms. Functional language does not, in and of itself, render a claim improper. *In re Swinehart*, 439 F.2d 210, 169 U.S.P.Q. 226 (CCPA 1971). A functional limitation must be evaluated and considered, just like any other limitation of the claim, for what it fairly conveys to a person of ordinary skill in the pertinent art in the context in which it is used. A functional limitation is often used in association with an element, ingredient, or step of a process to define a particular capability of purpose that is served by the recited element, ingredient, or step."

In addition to this general proposition that functional limitations should be considered for purposes of patentability, the Board of Patent Appeals and Interferences in a recent, non-precedential decision styled *Ex parte Bamber* has considered instances, such as in the present application, in which claims are rejected as being anticipated by a prior art reference that does not disclose the functional recitations set forth by the claims, but that is, instead, alleged by the Examiner to be capable of performing such functional recitations. See Appeal No. 2005-2435 relating to Application No. 10/407,498. In the *Ex parte Bamber*, the Board stated:

It is well established, of course, that the patentability of an apparatus claim is based on the apparatus rather than the manner in which it is used. For example, see *In re Case*, 370 F.2d 576, 579-80, 152 USPQ 235, 238 (CCPA 1967). Nevertheless, to anticipate an apparatus claim, the prior art apparatus must not only possess the claimed structure but also must possess at least the capability of performing the functions required by the apparatus claim, and it is the examiner's burden to establish the reasonableness of believing that such functional limitations are an inherent characteristic of the prior art apparatus. See *Ex parte Levy*, 17 USPQ2d 1461, 1463-64 (Bd. Pat. App. & Int. 1990) and *Ex parte Skinner*, 2 USPQ2d 1788, 1789 (Bd. Pat. App. & Int. 1986). (emphasis added).

Although *Ex parte Bamber* is non-precedential, the *Ex parte Bamber* decision tracked the guidance of MPEP § 2112, part IV which provides that it is the Examiner's burden to provide rationale or evidence demonstrating the inherency of a result or characteristic alleged to be present in the prior art. In this regard, *Ex parte Levy*, quoted in both MPEP § 2112 and *Ex parte Bamber*, states that "the initial burden of establishing a prima facie basis to deny patentability to a claimed invention rests upon the examiner" and that in "relying upon the theory of inherency, the examiner must provide a basis in fact and/or technical reasoning to reasonably support the determination that the allegedly inherent characteristic necessarily flows from the teachings of the prior art." 17 USPQ2d 1461, 1463-64 (Bd. Pat. App. & Int. 1990) (emphasis in original). See also *Ex parte Skinner*, 2 USPQ2d 1788, 1789 (Bd. Pat. App. & Int. 1986) that is cited in *Ex parte Bamber* and *In re Robinson*, 169 F.3d 174, 745 (Fed. Cir. 1999) that is cited in both MPEP § 2112 and *Ex parte Skinner* in support of the proposition that the mere probability or possibility of a certain result or characteristic is not sufficient to establish inherency.

In the present application, the Rothman '984 publication does not teach or suggest the functions performed by at least the receiver component and the order fulfillment component of independent Claim 58 and the commission component of independent Claim 70 as described below. As such, the Examiner merely alleges that certain components described by the Rothman '984 publication would be capable of performing the functions of the foregoing components of independent Claims 58 and 70. However, the Examiner fails to provide the requisite rationale or evidence to support an allegation of inherency as would be required to reject the claims as being anticipated based upon a prior art reference, such as the Rothman '984 publication, that does not describe the functional recitations set forth by the claims.

Moreover, the final Official Action repeatedly counters Applicant's prior arguments regarding the shortcomings of the Rothman '949 publication with the comment that such functional recitations are given little patentable weight. See page 4 of the Official Action. As described above and as supported by the MPEP, functional recitations should be considered and evaluated in the same manner as any other recitation. See MPEP § 2173.05(g). For each of the foregoing reasons, Applicant submits that the dismissal of the functional recitations of the claimed invention without the requisite evidence that such functions were inherent in the Rothman '949 publication is improper.

Additionally, once the functional recitations of independent Claims 58 and 70 are considered, Applicant submits that it is clear that the Rothman '949 publication does not teach or suggest the claimed invention as set forth below. In this regard, the Rothman '949 publication describes a method and apparatus for the distribution and sale of a brand of product via a seller's website. The website provides information regarding product availability and pricing and receives orders. Depending upon whether a purchase is online or offline, the purchase may be handled differently. If the product is purchased online, the purchaser is prompted to enter an address to which the product is to be shipped and the purchaser provides a payment for the product, such as by means of a credit card. The online delivery may then be completed by either the operator of the central server or one of the local distributors. See Paragraph 75 of the Rothman application. Alternatively, in an offline purchase, the purchaser either may pay for the

product via the website, such as by means of the credit card, or may directly pay the distributor when the purchaser is picking up the product from the distributor.

In contrast to the Rothman '984 published application, the server system of independent Claim 58 includes a receiver component for receiving financial authorization from a distributor. Independent Claim 58 further defines the financial authorization to include an acknowledgment from the distributor verifying a customer account even though the request is received by the receiver component in a manner independent of the distributor. Thus, the server system of independent Claim 58 relies upon the distributor to provide financial authorization for the proposed transaction. Additionally, the server system of independent Claim 58 includes an order fulfillment component that completes a purchase of the product by making arrangements for shipping by the manufacturer and billing of the distributor. While the Rothman '984 published application contemplates shipping by the operator of the central server, such as a manufacturer, the Rothman publication does not teach or suggest a receiver component for receiving financial authorization from a distributor or an order fulfillment component for billing the distributor. In fact, in the instance in which the delivery is completed by the operator of the central server, such as the manufacturer, the purchaser pays for the product at the time that the product is ordered, such as by means of a credit card. Thus, not only does the Rothman '984 published application not teach or suggest a receiver component for receiving financial authorization from a distributor, but there is no reason to receive any type of financial authorization from a distributor since the purchaser must pay for the product in conjunction with its initial order and the distributor is not being looked to for any type of payment approval or the like. As such, the receiver component of independent Claim 58 is clearly not inherent from the Rothman '99 publication.

Additionally, the Rothman '984 published application does not teach or suggest an order fulfillment component that permits billing of the distributor. In fact, the Rothman '984 published application does not teach or suggest billing of a distributor in any scenario including that in which the manufacturer ships the product as recited by independent Claim 58. Thus, the order fulfillment component of independent Claim 58 is also clearly not inherent from the Rothman '949 publication.

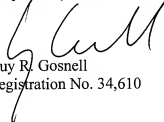
Independent Claim 70 also describes a server system for generating order for a product which includes a commission component that determines a commission and assigns a commission to one of many agents even though the requests is fulfilled in a manner independent of the agents. The majority of the Rothman '984 published application describes embodiments in which a distributor is involved in the purchase and/or delivery of the product. However, Rothman '984 published application does describe one scenario in which an order is fulfilled independent of the distributors. In this regard, an online purchase may be made in which delivery is completed by the operator of the central server, such as the manufacturer. As such, the sale of the product may be consummated and fulfilled independent of the distributor. However, the Rothman '984 published application does not teach or suggest that any distributor would receive a commission based upon this sale and fulfillment that were completed independent of the distributor as contemplated by independent Claim 70. In fact, the Rothman '984 published application only discusses payment of the distributor in conjunction with those situations in which the distributor is involved in the actual sale and/or delivery of the product. Thus, the commission component of independent Claim 70 is also clearly not inherent from the Rothman '949 publication.

For each of the foregoing reasons, Applicant submits that independent Claims 58 and 70, as well as the claims that depend therefrom, are not taught or suggested by the Rothman '949 publication.

CONCLUSION

For the above reasons, it is submitted that the rejection of Claims 58-76 is erroneous and reversal of the rejection is respectfully requested. A Claims Appendix containing a copy of claims involved in the appeal, an Evidence Appendix, and a Related Proceedings Appendix are attached.

Respectfully submitted,



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Filed Electronically
May 18, 2006